BRITISH COLUMBIA | BCStats

Infoline

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- **BC exports fall 12.9% in October**
- **Housing starts dip 3.6% in November**
- **Nine-in-ten BC households use some form of energy-saving light**

The Economy

- **The value of exports from British Columbia fell 12.9% (*seasonally adjusted*) in October, marking the largest monthly decline since December 2008.** Exports of all major commodities were weaker during the month, most notably the double-digit drop in the value of shipments of industrial & consumer goods (-22.5%) and energy products (-16.9%). Agriculture & fish (-8.5%), forestry (-3.6%) and machinery and equipment & automobile (-3.0%) products were also down moderately.

  The value of shipments bound for the US remained virtually unchanged compared to the previous month (-0.2%); however, exports to the rest of the world plummeted 21.8%.

  Nationally, exports fell 3.0% in October after three straight monthly increases. The slowdown in exports was chiefly driven by a decline in the value of industrial goods (-6.0%) and energy products (-5.8%). Exports to the US dipped 0.9%, while shipments to countries other than the US slumped 7.9%.

  Data Source: Statistics Canada & BC Stats

- **The number of housing starts in British Columbia's urban centres slipped 3.6% (*seasonally adjusted*) in November.**[1] Starts of single-detached homes dipped 1.5% during the month, leaving a 4.3% drop in starts of other types of dwellings driving most of the overall decline. In Vancouver, the number of housing starts inched ahead (+0.5%) in November.

  Nationally, the number of urban starts dropped 14.4%, while rural starts fell 3.9%. Despite a larger number of starts in the Atlantic provinces (+8.3%) and Quebec (+3.2%), double-digit declines in Ontario (-30.6%) and the Prairies (-13.4%) weighed heavily on the national total. *Data Source: CMHC*

- **The value of building permits issued by British Columbia's municipal authorities inched ahead 5.6% (*seasonally adjusted*) in October.** The increase in the value of building permits was almost entirely due to an increase in the non-residential sector (+18.8%) as the value of permits issued for residential project remained relatively flat (+0.6%). Compared to the same month last year, the total value of permits issued had fallen 39.9% with both the residential (-38.8%) and non-residential (-42.1%) sectors registering significant slowdowns.

  Higher values for issued building permits in six provinces pushed the national total up 11.9% in October. In dollar terms, Ontario (+32.8%), Saskatchewan (+25.4%) and Newfoundland & Labrador (+65.3%) contributed the most to the national total. Alberta (-11.3%) posted the largest decline among the provinces. *Data Source: SC Cat. no. 64-001-X*

[1] Urban centres with a population of 10,000 and over.

Report

Will Supply Management Keep Canada Out of the Trans-Pacific Partnership?

Did you know...

In 2010, Christmas tree farmers in British Columbia earned $1.5 million for their crop. Nationally, receipts for Christmas trees totalled $56.6 million.

Data Source: SC Cat. no. 21-011-X

- **Through the first ten months of 2011, the value of building permits issued in British Columbia was down 10.3% compared to the same period last year.** While municipalities in North Coast (+139.3%) and Northeast (+11.0%) development regions reported higher values, the rest of the province has posted slowdowns. Nechako (-34.9%), Thompson/Okanagan (-26.7%), Kootenay (-25.4%) and Cariboo (-23.5%) registered the deepest decline year-to-date, while building permit values have slipped moderately in Mainland/Southwest (-7.9%) and Vancouver Island/Coast (-6.7%). *Data Source: Statistics Canada*

Environment

- **In 2009, roughly than nine-tenths (91%) of households in British Columbia reported making use of at least one type of energy-saving light.** Compact fluorescent lights (72%) were the most commonly used energy-saving light, followed by fluorescent tubes (50%) and halogen bulbs (36%). Not including holiday lights, LEDs were used by just over one-tenth (12%) of households.

  Among the province's four largest metropolitan areas, roughly nine-tenths of households in Victoria (94%), Vancouver (90%) and Abbotsford-Mission (90%) were using energy saving bulbs in 2009. However, energy-saving lights were notably less popular (71%) with households in Kelowna.

  Data Source: SC Cat. no. 16-002-X

Charitable Donors & Donations

- **Approximately 710,000 British Columbian taxpayers made a charitable donation during the 2010 tax year, a 2.5% increase over the previous year.**[2] This accounts for roughly 22% of BC's total number of taxfilers, only slightly below the national average (23%). Manitoban taxfilers had the highest rate of charitable donation (26%), followed by those in PEI (25%) and Saskatchewan (25%).

  Charitable donations claimed by British Columbians totalled $1.28 billion in 2010, an 11.1% increase over 2009. Among those making donations, the median gift was $370 well above the median donation at the national level ($260). Alberta ($390) and PEI ($390) posted the highest median donation levels among the provinces. *Data Source: Statistics Canada*

Newspaper Publishers

- **Canadian newspaper publishers saw revenue rise 1.4% in 2010, largely driven by an increase in revenues from advertising.** Higher revenues in Ontario (+5.1%) and Atlantic Canada (+2.9%) offset weaker receipts in Western Canada (-1.8%) and Quebec (-1.5%). Approximately, two-thirds (68%) of revenues earned by newspaper publishers were generated by advertising sales with just under one-fifth (18%) due to circulation sales.

  Data Source: SC Cat. no. 63-241-X

Aboriginal Population

- **By 2031, the Aboriginal population in Canada could lay between 1.7 million and 2.2 million, which would represent a 4.0% to 5.3% share of the total population.** Population growth among Aboriginals is expected to range between 1.1% and 2.2% through to 2031, this compares to just 1.0% growth among the non-Aboriginal population. In the 2006 Census, 1.3 million people self-identified as Aboriginal or 3.9% of the population.

  Data Source: SC Cat. no. 91-552-X

[2] It should be noted that data include only amounts given to organizations for which receipts were provided and claimed on tax returns. Donation claims may be deferred for up to five years, so donations reported for any tax year likely include those made during the five previous years. Taxfilers are also permitted to claim their own donations and those made by their spouse. Therefore, the number of donors reported each year may be higher than the number claiming tax credits.

For data originating from Statistics Canada, data sourced to 'Statistics Canada' has been retrieved from CANSIM, the agency's electronic database; otherwise the source is identified as 'SC' plus the catalogue number.

Author: Dan Schrier
250-387-0376
Dan.Schrier@gov.bc.ca
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Will Supply Management Keep Canada Out of the Trans-Pacific Partnership?

Canada has expressed interest in joining the Trans-Pacific Partnership (TPP), a potential free trade zone that would be the largest in the world if the countries involved can come to an agreement. The TPP originally began as an agreement between Brunei Darussalam, Chile, New Zealand and Singapore. It expanded to include the United States, Australia, Malaysia, Peru and Vietnam. In November, Japan, Canada and Mexico also expressed interest in joining.

The inclusion of Japan, in particular, has made the TPP a priority for Canada. If it comes to fruition, the TPP could end up superseding NAFTA in a manner similar to how NAFTA supplanted the Canada-U.S. Free Trade Agreement.

Canada's earlier reluctance to be involved in the TPP was at least partially due to the desire to continue to protect the supply management system that governs Canada's dairy, egg and poultry sectors. Prime Minister Harper initially gave the impression that supply management would be on the table in the negotiations, but the government has since backed off that stance and is standing firm in its support of the system, insisting that it will not give up protection for the dairy, egg and poultry sectors as part of a TPP agreement. Prime Minister Harper stated that, "It's always our intention when we go to the table to make sure we...protect and promote the interests of all Canadian sectors, including supply management."[1]

The federal government insists that Canada need not abandon supply management as a condition of joining the TPP, but New Zealand Trade Minister Tim Groser has questioned that approach, suggesting that "[Supply management] is completely inconsistent with tariff elimination,"[2] which is what the other countries already involved in the talks have committed to doing. Groser indicated that Canada, Mexico and Japan will all have to be carefully vetted before admittance to the TPP is granted and that there has to be a willingness to include even "sensitive" areas in the negotiations. He suggested that "When our leaders said 'eliminate' tariffs and other direct barriers to imports, they meant it."

Groser's statements do not appear to leave much room for a system that levies tariffs of, for example, 298.5% on imports of butter, or 238.0% on chicken.[3]

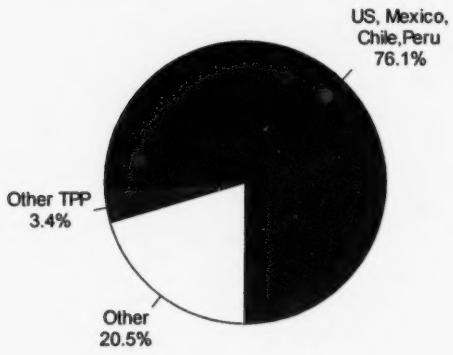
Failure to gain entry into the TPP could have serious economic consequences for Canada. In 2010, approximately 80% of Canada's goods exports were shipped to the other countries in the TPP (including Japan and Mexico). In 2009, the latest year for which service export data are available, TPP countries were recipients of approximately 60% of Canada's service exports.

[1] As quoted in "Asia-Pacific trade deal won't hit supply management: Harper," posted on Canada.com, November 15, 2011.

[2] As quoted in: Chase, Steven. "Harper's stand on tariff walls disputed," *The Globe and Mail*, November 24, 2011, p. A4.

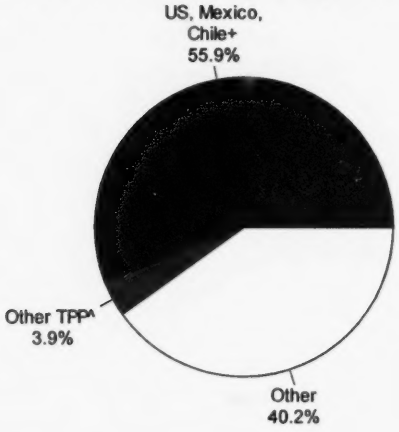
[3] Canada Border Services Agency, *Departmental Consolidation of the 2011 Customs Tariff*.

The TPP countries were the destination of almost 80% of Canada's goods exports in 2010



Source: Statistics Canada

The TPP countries were the recipient of around 60% of Canada's service exports in 2009*



* 2009 is the latest year for which data are available
+ Data for Peru not available separately and is not included
^ Data for Brunei Darussalam not available separately and is not included

Source: Statistics Canada

However, in both cases most of the value of exports to the TPP was to countries with which Canada already has a free trade agreement (United States, Mexico, Chile, Peru). This may lead one to ask why then it is so important for Canada to be included in the agreement. There are a number of reasons, but perhaps first and foremost is Canada's relationship with the United States, by far its most important trading partner. The document, *Outlines of the Trans-Pacific Partnership Agreement*, available on the website of the Office of the United States Trade Representative, suggests that the TPP will be a "landmark, 21st-century trade agreement, setting a new standard for global trade."[4] There are five features outlined:

1. Comprehensive market access (elimination of all tariffs and other barriers)
2. Fully regional agreement (to facilitate production and supply chains among TPP members)
3. Cross-cutting trade issues (regulatory coherence, competitiveness and business facilitation, concerns of small and medium-sized enterprises, economic development priorities)
4. New trade challenges (e.g., digital economy and green technologies)
5. Living agreement (to enable updating as new issues emerge or new countries join the partnership)

The scope of the agreement would appear to exceed that of NAFTA, such that if Canada is left on the outside, while the United States and Mexico are included in the TPP, Canada could lose its competitive advantage with respect to trade with those countries, at least until such time that Canada is able to join the Partnership.

In addition, Japan is an important trade partner as well, particularly for British Columbia, which shipped over 14% of its goods exports to that country in 2010 (just over 2% of Canada's exports were destined for Japan in 2010). Perhaps even

[4] www.ustr.gov

more important is the fact that the TPP hopes to attract more members over time. If Canada is denied entry for refusing to open up its protected agricultural sectors, it could find itself becoming less and less relevant on the world stage and the economic repercussions could be severe for exporting industries – countries within the TPP will have tariff free access to the markets of all its member countries, while those on the outside may still face barriers.

Given the export orientation of Canada's economy, free trade is certainly in Canada's best interest and the federal government has clearly indicated an interest in developing free trade deals. For example, Canada is currently negotiating a free trade deal with the European Union and recently introduced legislation to implement free trade agreements with Jordan and Panama. In Foreign Affairs and International Trade Canada's news release announcing the introduction of the legislation, Gerry Ritz, the Minister of Agriculture and Agri-Food, pointed out that "Free trade agreements also bring real benefits to Canadian farmers and our entire agriculture industry. These trade agreements will open markets and create new opportunities for our farmers to boost their bottom lines."[5] The government recognizes that free trade will benefit farmers, yet its steadfast determination to protect the supply managed sectors appears to be at odds with the goal of free trade and indeed, is the antithesis of free trade.

In 2010, there were just over 16,000 farms in the supply managed sectors in Canada (approximately 12,000 dairy farms and 4,000 poultry and egg farms), representing slightly over 9% of all Canadian farms.[6] Total cash receipts from the products of the supply managed sectors amounted to 19% of Canada's total farm cash receipts in 2010.[7] The entire agricultural and food manufacturing sectors are responsible for approximately 3% of Canada's GDP, which would imply that the supply managed sectors account for only a small fraction of the country's total output. Given the small size of the sector and the potential cost of being left out of the trade deal, it begs the question: Is it worth protecting Canada's supply management system if it means being excluded from the TPP?

One point to consider is that Canada has managed to maintain its supply management system despite coming to an agreement on a number of trade deals, including NAFTA. While true free trade would be the best option, one has to realize that most trade deals include compromises that do not necessarily fit in with the concept of free trade. It is possible that other countries involved in the TPP may also want to protect certain sectors of their economy, such that Canada may be able to keep its supply management system. While this would not be an ideal situation, even a watered-down agreement would still be a major step forward.[8]

[5] "Canada Introduces Legislation to Implement Free Trade Agreements with Jordan and Panama," November 15, 2011. (www.international.gc.ca)

[6] Source: Statistics Canada, CANSIM table 002-0048.

[7] Source: Statistics Canada, CANSIM table 002-0001.

[8] For a more detailed discussion of the issues surrounding the supply management system, see the August 2008 *Exports* article, "Milking the System: Is Canada's Supply Management System an Impediment to Free Trade?"

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BC at a glance . . .

POPULATION (thousands)	Jul 1/2011	% change on one year ago
BC	4,573.3	1.0
Canada	34,482.8	1.0
GDP and INCOME (Released Nov 8)		
(BC - at market prices)	2010	% change on one year ago
Gross Domestic Product (GDP) *($ millions)*	203,147	5.9
GDP *($ 2002 millions)*	167,140	3.0
GDP *($ 2002 per Capita) (reflects revised pop)*	36,899	1.4
Personal Disposable Income *($ 2002 per Capita)*	26,166	2.2
TRADE ($ millions, seasonally adjusted)		% change on prev. month
Manufacturing Shipments - Sep 2011	3,208	0.1
Merchandise Exports - Oct 2011	2,718	-12.9
Retail Sales - Sep 2011	4,959	0.2
CONSUMER PRICE INDEX	% change on	12-month avg
(all items - Oct 2011)	one year ago	% change
BC	2.3	2.4
Vancouver	2.1	2.3
Victoria	2.1	2.2
Canada	2.9	2.8
LABOUR FORCE (thousands)		% change on
(seasonally adjusted)	Nov 2011	prev. month
Jobs Created (-Lost) - BC	-6.6	
Labour Force - BC	2,454.7	0.2
Employed - BC	2,282.3	-0.3
Unemployed - BC	172.4	6.8
		Oct 2011
Unemployment Rate - BC *(percent)*	7.0	6.6
Unemployment Rate - Canada *(percent)*	7.4	7.3
INTEREST RATES (percent)	Dec 7/2011	Dec 8/2010
Prime Business Rate	3.00	3.00
Conventional Mortgages - 1 year	3.50	3.35
- 5 year	5.29	5.19
US-CANADA EXCHANGE RATE	Dec 7/2011	Dec 8/2010
(avg. noon spot rate) Cdn $ per US $	1.0105	1.0099
(closing rate) US $ per Cdn $	0.9898	0.9893
AVERAGE WEEKLY WAGE RATE		% change on
(industrial aggregate - dollars)	Nov 2011	one year ago
BC	847.57	3.6
Canada	851.35	2.8

SOURCES:

Population, Gross Domestic Product, Trade, Prices, Labour Force, Wage Rate } Statistics Canada

Interest Rates, Exchange Rates: Bank of Canada Weekly Financial Statistics

For latest Weekly Financial Statistics see www.bankofcanada.ca

Open Data

Statistics Canada is implementing a new dissemination model. On February 1, 2012, the CANSIM database will be free to access and standard Census products will be free. In addition, Statistics Canada will no longer charge fees for the right to redistribute its information. Organizations will be encouraged to redistribute information under terms and conditions similar to the Government of Canada Open Data Licence Agreement for Unrestricted Use of Canada's Data. The objective of the new dissemination model is to provide users with maximum benefit from statistical information about Canada's economy and society.

Regional Employment Projections

Updated projections of employment by industry and occupation are now available. The data offers regional detail for College Regions and Development Regions with estimates for 2010 and projections for 2015.

http://www.bcstats.gov.bc.ca/data/lss/repm.asp

Small Business Profile, 2011

The 2011 Edition of the annual profile of small business in British Columbia is now available. The report provides information on British Columbia's small businesses, including number of businesses, employment and small business' contribution to the provincial economy.

http://www.bcstats.gov.bc.ca/data/bus_stat/busind/sm_bus/SBP2011.pdf

Released this week by BC Stats

- Business Indicators, November 2011

Next week

- Quarterly Regional Statistics, 3rd Quarter 2011
- Exports, October 2011

BC Stats, Box 9410 Stn Prov Govt, Victoria, B.C. V8W 9V1
Tel: 250-387-0327 Fax: 250-387-0380 Web: www.bcstats.gov.bc.ca E-mail: BC.Stats@gov.bc.ca